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OUTLOOK FOR AGRICULTURAL PRICES AND INCOME IN 1952

The demand for farm products, as well as for most other goods and services, is expected to continue strong in 1952, as employment and income rise. However, record agricultural production this year and prospects for a continued high output next year if the weather permits together with existing price control authority, indicate that average prices received by farmers in 1952 may not differ much from 1951.

Cash receipts from farm marketings may show some increase next year, largely a reflection of somewhat heavier marketings. But production costs will also rise above the record level in 1951. The realized net income of farm operators in 1952 may be about the same as this year. With higher living costs in prospect, the purchasing power of farmers' net income in 1952 is not likely to show any improvement over 1951 and will remain substantially less than in 1947 and 1948. Nonagricultural income, however, is currently at a record high and is expected to continue to rise in 1952.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1950 Average	1950 Sept.	1951 June	1951 July	1951 Aug.	1951 Sept.
Industrial production 1/							
Total	(1935-39=100)	200	211	221	213	218	220
All manufactures	do.	209	220	231	223	228	230
Durable goods	do.	237	251	274	266	269	273
Nondurable goods	do.	187	194	197	189	194	195
Minerals	do.	148	163	165	156	165	166
Construction activity 1/							
Contracts, total	(1935-39=100)	514	559	652	528	505	
Contracts, residential	do.	748	814	708	730	711	
Wholesale prices 2/							
All commodities	(1926=100)	162	170	182	179	178	178
All commodities except farm and food	do.	153	159	170	169	167	167
Farm products	do.	170	180	199	194	191	189
Food	do.	166	177	186	186	187	188
Prices received and paid by farmers 3/							
Prices received, all products	(1910-14=100)	256	272	301	294	292	291
Prices paid, interest, taxes and wage rates	do.	255	260	282	282	282	282
Parity ratio	do.	100	105	107	104	104	103
Consumers' price 2/ 4/							
Total	(1935-39=100)	172	175	185	186	186	
Food	do.	204	210	227	228	227	
Nonfood	do.	154	156	164	164	164	
Income							
Nonagricultural payments 5/	Bil. dol.	206.6	212.9	230.1	230.1	231.5	
Income of industrial workers 3/	(1935-39=100)	369	396	429	422	428	
Production worker pay rolls 2/	do.	396	429	464	453		
Weekly earnings of factory workers 2/							
All manufacturing	Dollars	59.23	60.64	65.32	64.56	64.72	
Durable goods	do.	63.19	65.14	70.47	69.21	70.26	
Nondurable goods	do.	54.66	55.30	58.58	58.44	57.87	
Employment							
Total civilian 6/	Millions	60.0	61.2	61.8	62.5	62.6	61.6
Nonagricultural 6/	do.	52.4	53.4	53.8	54.6	54.9	54.1
Agricultural 6/	do.	7.5	7.8	8.0	7.9	7.7	7.5
Government finance (Federal) 7/							
Income, cash operating	Mil. dol.	3,538	4,865	7,367	2,854		
Outgo, cash operating	do.	3,497	3,199	5,223	4,843		
Net cash operating income or outgo	do.	+ 40	+1,666	+ 2,144	-1,989		

Annual data for the years 1929-49 appear on page 32 of the April 1951 issue of The Demand and Price Situation.

1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics, to convert prices received and prices paid, interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1950 are on average monthly basis.

Since the beginning of the Korean conflict in June 1950 total demands on the economy have expanded rapidly. As a result, employment rose, existing facilities became more fully utilized, and productive capacity was expanded. Total output of goods and services increased about 10 percent from the first half of 1950 to the first half of this year. The rise in output, however, was not sufficient to meet the sharply expanded demand by consumers and by business for industrial expansion and inventory accumulation, plus the step-up in Federal expenditures for defense, without a rise in prices. Consumer prices rose by 9 percent with an even greater increase in wholesale prices.

With larger output and higher prices, the gross national product in the first half of this year was nearly one-fifth larger than a year ago. Contributing to this rise, consumer expenditures were up about 10 percent, most of which was due to higher prices; Government expenditures expanded by nearly 40 percent; and business outlays for new plant and equipment were up about 42 percent. Net inventory accumulation rose to an annual rate of almost 12 billion dollars in the first half of 1951 compared with 3.2 billion a year earlier.

Since the first quarter of this year consumer demand for many goods and services has moderated despite a continued rise in incomes. Consumer expenditures for goods and services in the second quarter of 1951 were down 6 billion dollars from the first quarter to an annual rate of 202 billion dollars. Available evidence for the third quarter indicates only a moderate pick-up in sales of nondurable goods and services. The rate of personal savings has risen to the highest level since the end of World War II. Reduced consumer buying and continued high output of consumer goods contributed to a record rate of net inventory build-up in the second quarter of 1951. However, in recent months the rate of accumulation has slowed considerably. Currently the gain represents primarily defense goods-in-process. Substantial cutbacks have also occurred in production of consumer goods as a result of restricted use of materials, generally lighter demand and large inventories of many consumer goods. The easing in demand has been accompanied by a continued gradual decline in the general level of wholesale prices. Wholesale prices have become more firm in recent weeks and in mid-October they averaged 3.5 percent below the mid-March peak but about 5 percent higher than a year ago. Prices received by farmers in mid-September were 7 percent below the peak in February this year although still 7 percent above a year earlier. Prices paid by farmers rose until May 1951, and have remained virtually unchanged since then. On September 15, 1951, they were 8.5 percent above a year earlier.

The generally strong demand in prospect for the coming year is based largely on the expected rise in employment and consumer incomes as defense preparations expand in 1952. The planned build-up in expenditures for defense from an annual rate of 41 billion dollars in the third quarter of this year to around 65 billion dollars by the fall of 1952 is the most important factor in the outlook for next year. Business demand for new plant and equipment is expected to continue high in 1952 and available supplies of steel probably will permit a continued high rate of investment through most of next year. Construction outlays (including residential) in the coming year may total a little lower because of credit controls and restricted use of materials. Net inventory accumulation in 1952 will very likely be much smaller than the rate so far this year. Although material allocations may reduce output and limit consumer expenditures for durable

goods in the coming year, somewhat larger supplies of foods and most other nondurable goods are in prospect. With rising incomes, total expenditures for goods and services in 1952 are expected to be greater than this year even though personal savings continue high.

If the defense program develops about as planned, the gross national product will increase in 1952 but not by as much as from 1950 to 1951. Total employment and wage rates are expected to continue to rise during the next year though at a slower rate than in the past year. But, with higher tax rates, consumer disposable incomes over the next year are likely to show a considerably smaller gain than the 9 percent increase which occurred from the third quarter in 1950 to the third quarter in 1951. In addition to a somewhat smaller rise in incomes, increased productive capacity, relatively large inventories, record farm output, price and wage controls, credit restrictions, and higher taxes probably will moderate upward pressure on prices in 1952.

Obviously, any major change in defense plans for 1952, either a step-up or a dampening, would materially influence the outlook. In the event that international tensions should tighten further bringing another wave of "scare buying" both by consumers and by business and an upward revision in defense outlays, inflationary pressures could be augmented sharply. On the other hand, if the international situation should enable some reduction in defense outlays, business plans for capital expansion probably would be cut back and further ease the economy.

While a continued high level of demand for food and farm products is in prospect for 1952, with average growing conditions, record-large supplies of farm products are expected next year. Crop production available for sale in the 1951-52 marketing year is currently estimated at 7 to 8 percent above a year ago. One of the important factors in this estimated increase is the substantially larger cotton crop. However, output of fruits, truck crops and tobacco is also well above a year ago. Moreover, cattle slaughter is expected to be larger in 1952 and pork, poultry and dairy production probably will continue at a high level. Although population growth will provide an additional 2 million persons to feed, prospective near-record crop output for the 1951-52 marketing year and larger supplies of meat in 1952 probably will permit some further increase in per capita food consumption in the coming year.

Foreign demand for farm products is expected to continue fairly strong. Larger cotton exports probably will more than offset a smaller volume of coarse grains, dairy and poultry products, and some other commodities during the 1951-52 fiscal year. Exports of tobacco will be a little larger while wheat exports during 1951-52 are expected to be about in line with those in 1950-51. Even though crop prospects are relatively poor in the Southern Hemisphere, world wheat supplies may be somewhat more plentiful in 1952 following this fall's record Canadian harvest. The value of agricultural exports in 1950-51 totaled 3.4 billion dollars compared to 3.0 billion dollars in 1949-50. The supply of gold and dollars available to foreign countries in fiscal 1951-52 is expected to be larger than in the previous fiscal year.

Most of the 7 percent decline in prices received by farmers from mid-February to mid-September resulted from reduced crop prices, which averaged 16 percent lower than in February. Livestock and livestock product prices averaged only fractionally below the February level. Although the demand for farm products is expected to rise in 1952, large supplies probably will restrain upward pressure on farm prices. The level of prices received by farmers next year, particularly in the last half of the year, will depend to a large extent on growing conditions during the 1952 season. Unfavorable weather and reduced farm output with a high level of demand for farm products could exert considerable upward pressure on prices as they adjust to new-crop prospects. In mid-September, crop prices in general were below parity and below minimum levels at which ceiling prices can be established under the Defense Production Act, as amended in 1951. Prices of all meat animals except hogs were above parity in mid-September, with hogs below both parity and the legal minimum for ceiling prices. Price ceilings have been in effect for all meats since late January this year. Moreover, prospective larger meat supplies in 1952 should limit upward pressure on meat prices.

Prices paid by farmers have held relatively stable over the last 6 months and are currently over 8 percent above a year ago. In the coming year prices paid by farmers probably will rise a little above this year. Wage rates, taxes and interest payments are all expected to be higher in 1952. With prospects also for somewhat higher prices paid by farmers for commodities generally, the parity ratio (the ratio of the index of prices received by farmers to prices paid by farmers for commodities, interest, taxes and wage rates) may average somewhat less than the 106 estimated for 1951.

Commodity Highlights

Cattle and calf slaughter is expected to increase next year, but hog production may be about the same as in 1951. Milk and other dairy products prices will be higher, as demand continues to increase. Continued high production of eggs and broilers is expected for next year and prices may average about the same as this year, Record supplies of fats and oils are in prospect for the 1951-52 marketing year and prices are likely to average lower than in 1950-51. An increased demand is likley for the smaller supply of feed grains, particularly corn, which will mean somewhat higher feed prices in 1951. Next year's fruit crop may be slightly smaller than this year if weather is average, but stocks of canned fruits are expected to be larger and growers' prices will probably be about the same as in 1951. Substantially larger supplies of fresh vegetables are expected in early 1952 and prices for these crops may be lower than the high prices of early 1951. Farmers are likely to produce sufficient wheat next year to meet estimated requirements and to increase stocks above the level expected at the end of the current marketing year. Supplies of potatoes this year are about in line with estimates of requirements. Prices are expected to strengthen through the winter and early spring of next year. Sweetpotato production may be larger next year, as a result of this year's small crop and high prices. Prices for dry edible beans will be higher next year, and stocks will decline. Carry-over stocks of cotton will be small next year, despite the large 1951 crop; exports are expected to increase and domestic mill consumption probably will continue

high. Wool prices are likely to be relatively favorable in 1952, but probably will not average as high as 1951. Consumption of tobacco in cigarettes will continue to rise next year, while exports in 1952 probably will remain at about the 1951 level. World sugar production prospects indicate that supplies for next year will be adequate to meet normal demand. The demand for lumber in 1952 is expected to remain close to the relatively high level attained in 1951.

RECENT ECONOMIC TRENDS

A gradual rise in employment, higher wage rates and increased business and farm incomes have contributed to an estimated 12 percent rise in total personal incomes from 1950 to 1951. After allowance for higher taxes, consumer incomes available for spending increased around 9 percent. Much of this gain was associated with a sharp rise in aggregate demand after the outbreak of hostilities in Korea. The stronger demand resulted from increased preparations for defense, consumer "scarce buying" in anticipation of shortages and higher prices, and a step-up in expenditures for new construction and for producers' durable equipment. Employment in 1951 may total nearly 2 percent larger than last year. Moreover, there was an increase in the armed forces; These gains were made possible by an increase in the labor force and a reudction in the number of unemployed from over 3 million in 1950 to less than 2 million estimated for this year and 1.6 million in September. The length of the work week in manufacturing industries also increased following Korea. From August 1950 through April 1951, the work week averaged over 41 hours per week but it has since declined and in August this year averaged 40.4 hours. per week. In recent months average hourly earnings in manufacturing industries averaged around 9 percent above a year earlier. The continued rise in employment and wage rates in prospect probably will result in increased disposable incomes for 1952 even with higher taxes rates for next year. The gain in income, however, is not likely to be as large as from 1950 to 1951.

GROSS NATIONAL PRODUCT

Expanded demands on the economy following the outbreak of hostilities in Korea were accompained by an increase in output and rising prices. Consequently, the gross national product--the total output of goods and services valued at prevailing prices--for the third quarter was estimated at an annual rate of 328 billion dollars, a little higher than the previous quarter and 14 percent above a year earlier. Higher prices accounted for approximately one-half the gain over last year.

If the defense program develops about as planned, the gross national product is expected to continue to rise over the next year but at a somewhat less rapid rate. The gain from this year to next may be only about half as large as that from 1950 to 1951.

Table 1.- Selected series on production, prices, employment and income 1935-39, 1949, 1950 and estimated 1951

Item	Base period or unit	Calendar year			
		1935-39 average	1949	1950	Estimated 1951
Total civilian employment 1/	Million	44.6	58.7	60.0	61.0
Unemployment 1/	do.	9.4	3.4	3.1	1.9
Industrial production 2/	1935-39	100	176	200	221
Durable goods	do.	100	202	237	274
Nondurable goods	do.	100	168	187	198
Consumers' prices (urban) 3/	do.	100	170.2	171.9	185
Food	do.	100	201.9	204.5	226
Nonfood	do.	100	150.6	154.2	164
Wholesale prices all commodities 3/	1926	81	155.0	161.5	181
Farm products	do.	76	165.5	170.4	196
Food products	do.	79	161.4	166.2	186
All excluding farm and food	do.	81	147.3	153.2	170
Prices received by farmers	1910-14	107	249	256	299
Prices paid, interest, taxes and wage rates	1910-14	125	250	255	281
Parity price ratio		86	100	100	106
Farm cash income excluding Government payments	Bil.dol.	8.0	28.0	28.8	32.8
Realized net income of farm operators including Government payments	do.	4.6	13.5	12.7	15
Volume of farm marketings	1935-39	100	151	144	148
Gross national product 4/	Bil.dol.	84.0	257.3	282.6	326
Personal consumption expend.	do.	63.6	180.2	193.6	205
Gross private domestic investment	do.	8.4	33.0	48.9	58.0
Net foreign investment	do.	.4	.5	-2.3	0
Government purchases of goods and services	do.	11.8	43.6	42.5	63.0
Personal income 4/	do.	68.6	205.1	224.7	251
Disposable personal income 4/	do.	66.2	186.4	204.3	223

1/ Bureau of the Census and Bureau of Labor Statistics.
2/ Federal Reserve Board.
3/ Bureau of Labor Statistics.
4/ U. S. Department of Commerce.

Personal Consumption Expenditures

Shortly after Korea and again early in 1951 after the Chinese intervention, waves of anticipatory buying resulted in sharp increases in consumer expenditures both in relation to previous buying and relative to consumer income. With prospects for shortages and higher prices, consumer purchases rose from 187 billion dollars in the first half to an annual rate of 202 billion in the third quarter of 1950, declined a little in the fourth quarter, then rose to a peak rate of 208 billion dollars in the first quarter of this year, nearly 12 percent above the first half of 1950. But the gain over 1950 represented only 2 to 3 percent more goods and services. Consumer buying of durable goods rose sharply following Korea and was maintained at a high level through the first quarter of 1951. Although relative gains were smaller, increases were also registered in purchases of nondurable goods and services during that period.

Table 2.- Gross national product or expenditures, first half and third and fourth quarters of 1950 and first three quarters of 1951, annual rates, seasonally adjusted 1/
(Billions of dollars)

Item	1950 1st Half	1950 3rd Quarter	1950 4th Quarter	1951 1st Quarter	1951 2nd Quarter	1951 3rd 2/ Quarter
Gross national product or expenditure	269.7	287.4	303.7	318.5	325.6	328
Personal consumption expenditures	186.7	202.5	198.4	208.2	201.7	204
Durable goods	26.4	34.3	29.4	31.5	25.9	
Nondurable goods	99.4	105.5	104.9	111.5	109.5	
Services	60.8	62.7	64.0	65.2	66.2	
Gross private domestic inventment	44.0	47.3	60.2	59.6	63.5	57
New construction	20.8	23.5	23.3	23.9	22.3	
Producers' durable equipment	20.2	24.5	25.0	26.5	26.7	
Change in business inventories	3.2	- .7	11.8	9.3	14.4	
Net foreign investment	-1.6	-3.2	-2.7	-2.3	.5	1
Government purchases of goods and services	40.7	40.8	47.8	52.9	60.0	66
Federal	21.6	21.4	27.5	32.1	38.7	
Less: Government sales	.2	.2	.2	.2	.2	
State and local	19.2	19.7	20.4	21.1	21.4	

Department of Commerce.
1/ Detail will not necessarily add to total because of rounding.
2/ Preliminary estimates by the Council of Economic Advisers.

Since the first quarter of this year consumer demand for many goods and services has eased despite a continued rise in incomes. Consumer expenditures in the second quarter of 1951 were down 6 billion dollars from the first quarter to an annual rate of 202 billion dollars. Apparently the summer lull in consumer buying was due primarily to heavy advance buying after mid-1950, the continued availability and very substantial inventory accumulations of many goods, plus the prospects for a settlement of the Korean conflict. Reduced consumer purchases and the continued high output of goods resulted in a record rate of net inventory accumulation in excess of 14 billion dollars in the second quarter of 1951. And, with rising incomes and reduced consumer buying, personal savings have risen to the highest rate since the end of World War II.

Although incomes continue to rise and restricted use of materials is cutting down output of some durable goods, consumers are still buying cautiously. Preliminary estimates for the third quarter indicate a slight gain in consumer expenditures for nondurable goods and for services. In recent months the rate of inventory accumulation has slowed considerably and apparently most of the gain is in defense goods-in-process. Substantial cutbacks have occurred in production of consumer goods as a result of restricted use of materials, generally lighter demand, and large inventories of many consumer goods. However, there is some evidence in recent weeks to indicate that economic conditions are becoming a little more firm. In addition to the small pick-up in sales in the third quarter, wholesale prices in general have risen slightly in recent weeks.

With a continued rise in consumer incomes in prospect over the coming year, expenditures for goods and services are also expected to rise. Restricted use of critical materials has already cut down output of some consumer durables and, for the fourth quarter, allocations of metals for such goods as automobiles, household appliances, and television and radio sets will in general permit production at about 60 percent of the rates of the first half of 1950. Although few, if any, shortages of consumer goods now exist, supplies of some durable goods may become tighter as inventories are worked down. Material allocations in the coming year probably will restrict output of many consumer durables. However, output of these goods will also depend largely on the rate of increase in defense production, the build-up of productive capacity of basic materials, and the extent to which producers can reduce use of critical materials per unit of output by changes in design and use of substitutes. Somewhat larger supplies of food and other nondurable goods are in prospect for next year and, if expenditures for durable goods are limited by restricted output, some of this buying power may be shifted into the purchase of foods and other nondurable goods. Total consumer expenditures for goods and services in 1952 probably will be larger than this year even though personal savings continue high.

Gross Private Domestic Investment

Gross private domestic investment in the first half of this year was at an annual rate of 61.6 billion dollars, up 40 percent from the same period a year earlier. More than one-half of this gain was in larger business inventories. However, expenditures for durable equipment were up about one-third and new construction expenditures increased about 11 percent above

the first half of 1950. Preliminary estimates for the third quarter indicate a decline in total private investment expenditures largely as a result of a smaller net inventory accumulation. Expenditures for producers' durable equipment continued to rise into the third quarter while new construction was down a little and net inventory accumulation was reduced from an annual rate of 14.4 billion dollars in the second quarter to around one-half that rate for the third quarter.

Under the impact of the defense program, business expenditures for new plant and equipment have risen each quarter since early 1950 and for the third quarter were at a record annual rate of 27.2 billion dollars, about 45 percent above a year ago. However, the rate of gain is slowing as supplies of critical materials and other controls limit business investment. Plans of business men in late July and August indicated a continued high level of expenditures for new plant and equipment with the prospect that the total for 1951 will be more than one-third higher than last year Current investment programs are being encouraged by such Government aids as the "rapid tax amortization" authorized for defense-supporting industrial facilities and by direct loans and loan guarantees. Moreover, earnings and sales are, in general, relatively high.

For the coming year, the drive to expand capacity of basic industries to support both military and civilian production should lend considerable strength to the demand for capital goods. However, capital outlays in non-defense industries probably will be reduced depending largely on available supplies of critical materials. In total it is expected that business expenditures for investment will continue at a high rate over the next year. Housing starts next year probably will be lower than in 1951 and cuts are also in prospect for commercial and non-defense industrial construction in 1952. Rapidly expanding output of defense goods may require a relatively large net inventory accumulation. But net gain in business inventories next year probably will average much lower than so far this year. All investment prospects combined point to some reduction in total private domestic investment in 1952 compared to this year.

Government Purchases of Goods and Services

Government expenditures (Federal, State and local) have risen steadily since the outbreak of hostilities in Korea. In the third quarter of this year total expenditures were two-thirds larger than in the first half of 1950. Expanded defense expenditures accounted for the gain, rising from an annual rate around 16.3 billion dollars in the first half of 1950 to about 41 billion by the third quarter of this year. Currently expenditures for defense represent over 12 percent of the gross national product. Government expenditures for goods and services this year may total around 50 percent more than in 1950.

The planned build-up in expenditures for defense from an annual rate of about 41 billion dollars in the third quarter of this year to around 65 billion a year hence is the most important factor in the outlook for 1952. Although non-defense expenditures may decline a little, total Government expenditures for goods and services next year are expected to be substantially higher than the total for this year if the defense program develops about as planned.

Net foreign investment

In the fiscal year 1950-51, as in the preceding year, this component of the gross national product was negative. That is, our merchandise and service transactions with foreign countries (our export surplus) was exceeded by our Government grants and private gifts to those countries with the result that in both years our net foreign assets including gold decreased. The net foreign investment in fiscal 1950-51 was minus 2.1 billion dollars compared to minus 1.0 billion in the preceding year.

Financing United States Exports of Goods and Services

In fiscal year 1950-51, the total value of United States exports of goods and services was 17.3 billion dollars compared with 14.0 billion in the preceding year, an increase of 24 percent. In both years, foreign countries received more dollar exchange from U. S. imports of goods and services, United States Government foreign grants and loans, and other less important sources than was necessary to finance U. S. exports of goods and services. Consequently, these countries had a net accumulation of gold and dollar assets (Col. 3, table 3) instead of a net liquidation as in the immediate postwar years. Of the two principal sources of foreign receipts of gold and dollars--U. S. imports and U. S. Government foreign grants and loans--imports have been consistently larger and have shown an upward trend since the war while foreign grants and loans have declined since 1949. In fiscal 1950-51 U. S. imports of goods and services were valued at 14.7 billion dollars, up almost 50 percent from the preceding year. On the other hand, Government foreign grants and loans fell 10 percent to 4.4 billion dollars in fiscal 1950-51 from the preceding year. Thus, foreign receipts of gold and dollars from these two principal sources rose from 14.8 billion in 1949-50 to 19.1 in 1950-51. Foreign countries are expected in fiscal 1951-52 to earn more dollars from United States imports of goods and services and receive more dollars from U. S. foreign grants and loans than in the preceding year even though appropriations for foreign economic and military aid as contained in the bill sent to the President show a decrease to 7.3 billion dollars from the 8.6 billion dollars actually appropriated in fiscal 1950-51. The expected increase in foreign receipts of foreign aid dollars is due to large obligated but undisbursed balances of U. S. Government foreign grants and loans for military aid on hand on July 1, 1951. In addition to an expected increase in foreign receipts of dollar exchange in 1951-52 compared with the previous year, foreign holdings of gold and dollars at the beginning of 1951-52 totaled 20.1 billion dollars, up 3.4 billion or 20 percent from the holdings a year earlier. Total foreign holdings, plus receipts during the year--that is, the supply of gold and dollars available to foreign countries during the year--are expected to be larger in fiscal 1951-52 than in the preceding year. This expected increase in the foreign supply of dollar exchange in fiscal 1951-52 includes (as indicated above) some dollars earmarked as military foreign aid which will probably be used for procurement of primarily nonagricultural items. However, the foreign supply of dollars, even excluding military foreign aid is expected to be larger in 1951-52 than in the preceding year due mainly to the 20 percent increase in foreign holdings of gold and dollars.

Table 3.- Financing of United States exports of goods and services in specified periods

(Billions of dollars)

Period	U. S. exports of goods and services	Means of financing			
		U. S. imports of goods and services	Sale of gold and short-and long-term dollar assets by foreign countries (Net)	U. S. Government foreign grants and loans (Net)	Other sources and balancing item 1/ (Net)
	(1)	(2)	(3)	(4)	(5)
1935-39 annual average	4.0	3.4	1.1	2/(-) 0.1	(-) 0.4
1946	14.7	7.0	1.9	5.0	0.8
1947	19.8	8.3	4.5	5.8	1.2
1948	17.0	10.3	0.8	5.0	0.8
1949					
1st qtr. (ann. rate)	17.4	10.1	(-) 0.1	6.7	0.7
2nd qtr. (ann. rate)	17.6	9.5	1.4	6.7	0
3rd qtr. (ann. rate)	14.8	9.3	0.3	5.9	(-) 0.7
4th qtr. (ann. rate)	14.0	9.5	(-) 1.9	4.6	1.8
Total	16.0	9.6	(-) 0.1	6.0	0.5
1950					
1st qtr. (ann. rate)	13.0	10.1	(-) 1.8	4.4	0.3
2nd qtr. (ann. rate)	14.1	10.8	(-) 2.7	4.6	1.4
3rd qtr. (ann. rate)	14.0	13.5	(-) 6.2	3.6	3.1
4th qtr. (ann. rate)	16.6	14.1	(-) 3.9	4.5	1.9
Total	14.4	12.1	(-) 3.6	3/ 4.3	1.6
1951					
1st qtr. (ann. rate)	17.5	15.7	(-) 3.4	4.4	0.8
2nd qtr. (ann. rate)	21.0	15.7	(-) 0.7	5.1	0.9

1/ Includes loans of U. S. dollars by the International Bank and by the International Monetary Fund. In 1949 these loans totaled 137 million dollars. In 1950 they totaled 17 million dollars. Private remittances and investments abroad are also included except in the 1935-39 average.

2/ Includes private loans and remittances to foreigners which in other periods are in column 5.

3/ Includes 2.7 in ERP grants, 0.5 in grants for Government relief in occupied areas and 0.5 for the Mutual Defense Assistance program.

Agricultural Exports

United States exports of agricultural products in fiscal 1950-51 were valued at 3.4 billion dollars, 14 percent larger than the 3.0 billion in the preceding year. The quantity index of agricultural exports declined 4 percent between the two fiscal years.

One factor contributing to the rise in the value of agricultural exports was the increase of about one-fifth in the supply of gold and dollars available to foreign countries in 1950-51 over the previous year. This increase made it possible for foreign countries to finance a larger share of our agricultural exports out of their own dollar resources. In 1950-51, only about one-third of the value of agricultural exports was financed with ECA and Garioa funds compared to about two-thirds for 1949-50.

Table 4.- Exports of United States agricultural products financed under the under the two major foreign aid programs, ECA 1/ and Garioa 2/ and by all means for the years beginning July 1, 1949 and 1950

Commodity	1949-50: Financed with ECA and Garioa funds: Value	1949-50: Financed with ECA and Garioa funds: Percent of total	1949-50: Total agricultural exports 3/	1950-51: Financed with ECA and Garioa funds: Value	1950-51: Financed with ECA and Garioa funds: Percent of total	1950-51: Total agricultural exports 3/
	Mil.dol.	Pct.	Mil.dol.	Mil.dol	Pct.	Mil.dol.
Bread grains (wheat, all wheat flour, rye)	606	87	693	346	46	760
Coarse grains (corn, oats, barley, buckwheat, grain sorghums)	209	87	239	188	53	355
Other grains and grain preparations	18	18	102	7	6	121
Oils, fats, oilseeds, and peanuts (edible and inedible)	161	60	268	48	12	389
Tobacco unmanufactured	149	63	235	131	48	274
Cotton and linters	695	73	949	412	44	941
All other agricultural products (edible and inedible)	131	26	501	27	5	569
Total	1,969	66	2,987	1,159	34	3,409

1/ The Economic Cooperation Administration data include all programs administered by ECA. The ECA data are the values of liftings, corrected for late reports through August 31, 1951.
2/ Garioa stands for "Government and relief in occupied areas" the budget title of funds appropriated to the Department of Defense.
3/ Includes agricultural exports financed with ECA and Garioa funds and with all other Government and private funds.

The outbreak of hostilities in Korea also contributed to an increase in the value of agricultural exports in 1950-51. As a result of post-Korean price increases, personal incomes rose in raw-material-producing countries. In addition, the Korean conflict caused foreign countries to build up their stock of food and raw materials in anticipation of shortages and higher prices.

The value of agricultural exports during the 1951-52 fiscal year probably will total somewhat larger than in the preceding year. The volume of exports is expected to be 5 to 10 percent larger while average export prices may be a little lower. With a larger cotton crop, removal of U. S. export controls, and relatively short foreign stocks, exports of cotton probably will be substantially larger during 1951-52 than in the previous year. Increased cotton exports together with small increases in the quantity of exports of tobacco are expected to more than offset a probable reduction in the volume of coarse grains and dairy and poultry products. Wheat exports in 1951-52 are not expected to change much from the previous year. However, export wheat prices may be up a little and the value of wheat exports should be somewhat higher in 1951-52. Wheat crop prospects are relatively poor in the major Southern Hemisphere exporting countries but a record Canadian crop may at least offset reduced supplies from the Southern Hemisphere.

COMMODITY PRICES

Following the outbreak of hostilities in Korea, demands on the economy by consumers, business, and the Government were sharply expanded. And though output of goods also rose rapidly the increase was small relative to expanded demand and the general level of wholesale prices increased by about 17 percent from mid-1950 to a peak in March this year. The rise from February to March was very slight following the imposition of the General Ceiling Price Regulation which became effective in late January 1951.

With the slackening in consumer buying since the first quarter of this year average wholesale prices of all commodities declined gradually into mid-September and have since been firm at a level 3.5 percent below the March peak, but are 5.2 percent above mid-October a year ago, and nearly 13 percent above the average just before Korea. This year's record agricultural production is primarily responsible for the 4.6 percent decline in wholesale prices of farm products since mid-March. Wholesale food prices, moving against the general trend, were 2.7 percent higher in mid-October. Both groups are substantially above mid-October 1950--10.3 and 11.1 percent, respectively. The average for all commodities other than farm products and food is 4.3 percent below mid-March, and 2.3 percent higher than a year ago. Textile products, down 14.5 percent from March and 3.6 percent from October 1950, are the only group which is currently lower than a year ago. Chemicals and allied products and building materials in mid-October were 2.9 and 2.4 percent respectively below March 1951 while metals and metal products were 1.3 percent higher.

Table 5. Group indexes of wholesale prices, week ended October 16, 1951 with comparisons

(1926 = 100)

Commodity Group	Week ended Oct. 16, 1951	Week ended Sept. 18, 1951	Week ended Mar. 20, 1951	Week ended Oct. 17, 1950	Week ended June 27, 1950	Week ended October 16, 1951 percentage change from: Week ended Sept. 18, 1951	Week ended Mar. 20, 1951	Week ended Oct. 17, 1950	Week ended June 27, 1950
All commodities	177.7	176.4	184.22	168.9	157.4	+ .7	-3.5	+ 5.2	+ 12.9
Farm products	195.3	188.6	204.8	177.0	165.4	+ 3.6	-4.6	+ 10.3	+ 18.1
Foods	191.6	187.9	186.6	172.4	162.4	+ 2.0	+ 2.7	+ 11.1	+ 18.0
All other than farm and food	165.1	165.4	172.5	161.4	149.2	- .2	- 4.3	+ 2.3	+ 10.7
Textile products	157.1	163.2	183.7	162.9	137.3	- 3.7	- 14.5	- 3.6	+ 14.4
Fuel and lighting products	138.8	138.6	138.6	135.4	132.8	+ .1	+ .1	+ 2.5	+ 4.5
Metals and products	190.9	189.4	188.4	178.3	171.9	+ .8	+ 1.3	+ 7.1	+ 11.1
Building materials	223.2	222.0	228.6	219.7	203.7	+ .5	- 2.4	+ 1.6	+ 9.6
Chemicals and allied products	141.2	140.4	145.4	132.4	114.5	+ .6	- 2.9	+ 6.6	+ 23.3

Bureau of Labor Statistics.

Average prices received by farmers for all crops, livestock, and livestock products in mid-September 1951 had receded by 7 percent from the peak reached in Feburary of this year. On September 15, 1951, the BAE index of prices received by farmers was 291 (1910-14=100), compared with 313 on Frbruary 15 of this year, and 272 a year ago. Prices received by farmers in mid-September were 18 percent above June of last year, just before the outbreak of the Korean conflict.

Most of the decline in prices received by farmers since early this year has occurred in crop prices although prices received for wool and meat animals have also declined. Cotton prices in mid-September were down nearly one-fifth from February in response to the prospective 16.9 million-bale crop for this year. With record supplies of fats and oils for the 1951-52 marketing year, prices of oil-bearing crops in mid-September were almost one-fourth lower than in February. Fruit and truck crop prices seasonally adjusted were down during this period by 12 and 17 percent, respectively. Among the important factors in this 39 percent decline in wool prices from February to mid-September were an easing in consumer demand, relatively large inventories at various processing levels, and a substantial increase in the use of competitive fibers, and a temporary abatement in military procurement. Meat animal prices in mid-September were about 3 percent below February largely due to seasonal declines in prices of hogs, lambs, and sheep. Seasonally adjusted dairy product prices were generally unchanged and adjusted poultry and egg prices in September averaged 3 percent higher than in February.

Table 6.- Group indexes of prices received by farmers, September 15, 1951 with comparisons

(1910-14=100)

Commodity group	Sept. 15, 1951	Feb. 15, 1951	Sept. 15, 1950	June 15, 1950	September 15, 1951 percentage change from Feb. 15, 1951	Sept. 15, 1950	June 15, 1950
Food grains	233	254	221	218	- 8	+ 5	+ 7
Feed grains and hay	216	222	194	190	- 3	+ 11	+ 14
Cotton	283	351	336	251	- 19	- 16	+ 13
Tobacco	423	440	428	388	- 4	- 1	+ 9
Oil-bearing crops	288	379	303	254	- 24	- 5	+ 13
Fruit 1/	195	222	215	186	- 12	- 9	+ 5
Truck crops 1/	238	287	181	209	- 17	+ 31	+ 14
Other vegetables	192	167	163	186	+ 15	+ 18	+ 3
All crops	239	283	243	225	- 16	- 2	+ 6
Meat animals	411	425	372	342	- 3	+ 10	+ 20
Dairy products 1/	278	279	244	248	2/	+ 14	+ 12
Poultry and eggs 1/	228	222	184	168	+ 3	+ 24	+ 36
Wool	376	612	349	316	- 39	+ 8	+ 19
Livestock and livestock products	337	340	298	268	- 1	+ 13	+ 26
Crops and live-stock and products	291	313	272	247	- 7	+ 7	+ 18

1/ Seasonally adjusted. 2/ Less than 0.5 percent decrease.

Although marketings of some farm products will be seasonally heavy during the rest of this year, prices received in general are expected to be relatively strong during the next few months. Average wholesale prices of farm products in mid-October were up 3.6 percent from the previous month.

Although the demand for farm products is expected to continue to rise in 1952, large supplies probably will ease upward pressure on farm prices. Record supplies of farm products are in prospect for the 1951-52 marketing year and, with a continued high level of demand and favorable growing conditions, farm output in 1952 probably will continue large. Crop production for sale and farm home consumption available for the 1951-52 marketing year is currently estimated at 7 to 8 percent above a year ago. Record supplies of fats and oils are in prospect for the marketing year beginning October 1951. Feed supplies are above average, but expected expansion in production of livestock and livestock products in 1952 probably will make it necessary to draw on reserve feed grains and thus further reduce carry-over stocks by the end of the 1951-52 year. Output of livestock and livestock products in 1952 will likely be larger than this year. A reasonable expectation is that beef production and veal production combined next year may be up about 10 percent above the low levels of this year. The build-up of cattle inventories this year is expected to equal about one-fourth of the number slaughtered during 1951. Poultry production also may increase a little while the output of pork and dairy products probably will continue relatively high in 1952.

The level of prices received by farmers next year, particularly in the last half of the year, will depend to a large extent on weather conditions during the 1952 growing season. Generally unfavorable weather conditions and reduced farm output with a high level of demand for farm products could exert considerable upward pressure on prices as they adjust to new crop prospects. Prices could rise further under provisions of the Defense Production Act as amended in 1951. In mid-September crop prices in general were below parity and minimum levels at which ceiling prices can be established under the Act. However, meat animal prices, except for hogs, were above parity in mid-September and all except hogs and sheep were above the legal minimum for ceiling prices. Price ceilings have been in effect on all meats since January 28, 1951.

The index of prices paid by farmers (including interest, taxes and farm wage rates) in mid-September 1951 was 2 percent above the mid-February level, having declined only fractionally from the record level reached in April and May of this year. Currently the parity index is around 8 percent higher than a year ago. Prices paid in mid-September for commodities used in farm production were only fractionally below the peak in April and nearly 10 percent above a year ago. Farm wages on October 1 were up seasonally from July and about 11 percent higher than last year. Farm production costs in 1952 are expected to be a little higher than for this year. Continued expansion in the nonagricultural sector of the economy and prospects for higher wage rates probably will contribute to higher farm wage rates in the coming year. Interest payments, taxes, and commodity prices in general are all expected to be a little higher in 1952.

The parity ratio--the index of prices received by farmers divided by the index of prices paid, interest, taxes, and farm wage rates--was at 113 in February this year. But with the decline in farm prices dince February, the parity ratio had fallen to 103 by mid-September. In the coming year this ratio may average a little lower than the 106 estimated for 1951.

Average prices paid by urban consumers of moderate incomes have steadied since June, after having risen 2 percent from January 1951. The index was 185.5 (1935-39=100) in both July and August. Preliminary data based on a survey of eight large cities indicate that food prices continued steady during September. The urban cost of living may rise slightly in the next year. Average prices paid for commodities used in rural family living have continued relatively steady over the past 7 months. The index in mid-September was 268 percent of the 1910-14 average, slightly below the record reached in May, and 6 percent above mid-September a year ago. Rural living costs are also likely to rise a little over the next year.

FARM INCOME

This year's gross farm income is estimated at 37.5 billion dollars, or 14 percent higher than in 1950. Production expenses are up 12 percent to approximately 22.5 billion dollars. And farmers' realized net income is around 15 billion dollars, or 18 percent higher than last year's revised estimate of 12.7 billion. However, it is still substantially below 1947 and 1948. Nonagricultural income is currently at a record high and is expected to continue to rise in 1952.

Next year's gross farm income may be up as much as 5 percent from the 1951 estimate of 37.5 billion dollars. Cash receipts from marketings, its principal component, are also expected to increase around 5 percent from the estimated 1951 level of 32.8 billion. If growing conditions are average, the total volume of farm marketings will be larger than this year, and probably larger than in any previous year. But prices in 1952 are not expected to average significantly higher than in 1951, as a whole. Both crops and livestock are expected to share in the small increase in cash receipts projected for 1952, with some gains likely in cattle and calves, dairy products, wheat, corn, and cotton.

Farmers' total cost of production is likely to rise further in 1952, with practically all items of expense contributing to the increase. Increases in a few individual expense categories may be as much as 10 percent. Consequently, farmers' realized net income in 1952 may be about the same as in 1951.

Farmers' cash receipts this year will total about 32.8 billion dollars, or 14 percent above 1950. Receipts from livestock and livestock products, estimated at 19.5 billion dollars, are 20 percent higher than last year; but crop receipts of 13.3 billion are up only 6 percent. Government payments to farmers in 1951 will probably total only slightly higher than in 1950. The value of home-consumed farm products, however, and the estimated rental value of farm dwellings, are each up in about the same proportion as total cash receipts.

This year's rise of 12 percent in total production expense reflects increases in all the important items. The largest increase over last year, around 30 percent, is in expenditures for purchased livestock, and is mainly the result of higher prices. Expenditures for feed are about 15 percent above last year because of higher prices and an increased quantity purchased. Although the number of hired workers is down slightly, wage rates are higher; and the total cost of hired labor is up about 10 percent. Farmers are also paying about 10 percent more for fertilizer this year because they are buying larger quantities at higher prices. Depreciation charges on machinery and buildings are about 8 percent higher than last year because of increased investment and higher replacement costs. The cost of operating motor vehicles is up about 7 percent because of higher prices for fuel, lubricants, and repairs. And payments for taxes, interest, and rents, along with many smaller items such as ginning costs, are also considerably larger than in 1950.

LIVESTOCK AND MEAT

An increase in meat production will be realized in 1952 from the expansion now taking place in numbers of meat animals on farms. The increase may be large enough to provide a level of meat consumption per person equal to at least the 1948-50 average of 144 pounds. Consumption in 1951 is now indicated at 141 pounds.

Most of the increase in output of meat next year will be in beef and veal. A larger slaughter of cattle and calves than this year seems certain. Cattle slaughter for 1951 is at a 10-year low and calf slaughter may be an 18-year low. At the same time, numbers of cattle and calves on farms are being increased, perhaps by about 6 or 7 million head, and a new high of

around 90 to 91 million head is expected at the end of the year. Trends during previous upswings in numbers and the present favorable prices and generally adequate feed supplies would point to a moderate increase in slaughter next year, and to a continuing but slower expansion of numbers on farms. Based on past experience, a reasonable expectation would be an increase in combined beef and veal output of around 10 percent.

Increases this large in output of beef would lessen upward pressure on prices of beef and cattle and might bring some reductions at times of largest marketings. But no substantial decrease in prices of cattle for 1952 as a whole from the 1951 average seems likely to result from the slaughter in prospect.

If past trends are repeated, the biggest increases in cattle slaughter will come after 1952. If percentage increases follow past cycles, numbers of cattle and calves may pass 100 million by 1955. With an inventory of this size, annual consumption of beef per person would be more than 70 pounds, the largest since 1909, and a little above the postwar high of 69 pounds in 1947. Prices of beef cattle, now in a very favorable relationship to prices of most other farm products, would likely be at a more nearly average relationship.

Numbers of cattle on feed this winter may equal or exceed the record high of last winter. Prices being paid for feeders this fall are a record for the season and returns from feeding will be no more than average if slaughter cattle prices remain at about present levels. Returns will be small if slaughter prices should decline.

Pork production in the first 7 or 8 months of 1952 will probably be a little larger than this year, reflecting increases in 1951 pig crops. Production in later months of next year may be a little smaller than a year earlier, as the current feed situation may result in a small decrease in the 1952 spring pig crop. A downtrend in hog production, should it start in 1952, would be the first after five successive years of expansion. It would result principally from the smaller feed supply relative to the livestock and poultry to be fed. Feed grain production in 1951, although larger than in most years before 1948, was a little smaller than in 1950 and less than probable disappearance in the 1951-52 feeding year. A reduction of reserves is likely. Prices of feed grains are higher than last year, and the hog-corn price ratio is now about average after staying above average in most months of the last 3 years.

The price outlook for hogs does not point to any substantial change from 1951. Larger supplies of other meats would likely restrict any tendency toward much higher hog prices. Price controls also would tend to limit prices of pork and indirectly prices of hogs at the season of shortest supplies.

Slaughter of sheep and lambs, like that of cattle, has been very small in 1951 as numbers on farms are being built up. A somewhat larger slaughter as well as a further increase in inventory numbers is in prospect for 1952. Prices of both lambs and wool will likely remain relatively favorable.

Production of meat animals is likely to continue generally profitable in 1952. Gross receipts from sales may be a little larger than this year, depending chiefly on volume of marketings. However, higher prices will be paid for feed and other items of expense.

DAIRY PRODUCTS

Net income from dairy farming in 1952 probably will be about the same as in 1951. With milk production expected about the same and consumer demand stronger, prices of dairy products--and cash receipts from marketings--probably will be somewhat higher than in 1951. However, higher costs are expected to offset the increase in cash receipts.

The number of milk cows in the United States has been stable the past 3 years after ending a 12-percent decline which began in 1944. Little change is likely during the next year. Midwest areas have accounted for most of the decline, reflecting more attractive alternative farming opportunities such as production of meat animals and grains for cash sale. Many general farmers have been able to realize sufficient incomes from these and other sources so that milking cows appeals less to them. Moreover, in all sections of the country, the attraction of nonfarm employment opportunities has offered dairymen strong competition for labor. Milk production per cow in 1951 was about equal to the record set in 1950 and probably will continue high in 1952. Total milk production in the United States in 1952 will be about the same as the approximately 120 billion pounds estimated for 1951. The postwar low in 1948 was 115.5 billion pounds and the record high to date was 121.5 billion pounds reached in 1945.

Since feed supplies are being used up faster than produced, feed concentrate prices may increase in the coming year. Nevertheless, milk will be equivalent in value to at least as much feed as in the past year and the long-time average. But butterfat may be a little below average relative to feed prices again next year.

Supplies of dairy products have fluctuated within narrow limits since 1948 so that variations in demand have been the main reason for changes in dairy prices and utilization of milk. With the prospective rise in consumer incomes in 1952, there will be some tendency for retail prices of dairy products to advance. The rise in incomes also will lead to a further slight shift in milk utilization toward more in fluid outlets and ice cream with less in butter. This will lead to an increase in whole milk sales by farmers to plants and dealers to a level even above the more than 75 billion pound record of 1951. Farm sales of butter, butterfat, and milk at retail will decline further in 1952.

With the change in milk utilization, Americans are consuming considerably more of the solids-not-fat of milk than formerly. Total consumption of milk fat per person has been stable but it is being consumed in different forms. Consumption of fluid milk and cream probably will approximate 400 pounds per person next year, a few pounds above 1951, compared with about 385 in 1949 and 1950 and the prewar average of 340 pounds. Cheese consumption has been at a record level in the past 2 years and will remain high through 1952. Ice cream consumption has been increasing the past year after ending a 4-year decline. Butter is the only dairy product to show a decline in consumption and in 1952 may decline to near 9 pounds per person compared to the record low of 9.7 pounds consumed in 1951, and the prewar level of 16.7 pounds. This reflects several developments including a decline in demand for table spreads, increased supplies of alternative products, especially margarine and cheese spreads. The decline

in demand for butter, itself, is partly the cause of the drop in milk production in the important butter-producing area. And with increased demands for milk in other uses there has been a considerable decline in supply of milk for making butter.

POULTRY AND EGGS

Increased production of eggs and broilers is expected in 1952. Output of farm chickens probably will be about the same as in 1951. Turkey production may exceed the 1951 level, which was a record high. Demand for poultry products, bolstered by further gains expected in consumer income and employment, will continue strong and prices for poultry products probably will average about the same as in 1951.

The production and price outlook indicates that the total value of poultry products produced next year may be as much as 5 percent higher than the estimated 4 billion dollars for this year. Costs also will rise and net returns to poultry producers may be a little lower than in 1951.

Most of the increase in egg production over 1951 will occur in the first three quarters of 1952. Five percent more chickens were raised this year than last and the number of potential layers on farms next January 1 is likely to be 2 to 4 percent above a year earlier. Furthermore, the rate of lay is likely to continue its long-time upward trend.

With egg production in the spring expected to be higher than a year earlier, prices may average about the same or a little less than in the spring of 1951. Since feed costs will be higher, the egg-feed price ratio will be lower. The result is likely to be a reduction in the number of chickens raised for farm flock replacement. By the end of 1952, egg production probably will be down to or below 1951 levels.

A reduction in number of chickens raised next year would reduce supply of meat from young chickens. This would be largely offset by an increase in slaughter of mature farm chickens from the increased January 1 inventory. Commercial broiler production, on the other hand, probably will continue its long-time increase, though the rate of gain is likely to be smaller than in 1951. The rise in broiler output will more than offset any possible decline in farm chickens and the total chicken meat supply will be larger than in 1951.

Consumer demand for chicken next year is expected to be strong enough to offset the increased supplies and prices for the year probably will average about the same as in 1951.

The outstanding feature of the outlook for turkeys is the prospect that farmers will raise more small birds. The record turkey crop of 52.8 million birds produced this year included 8.3 million Beltsville Small Whites, compared with 5.3 million in 1950, an increase of 55 percent. The growing popularity of small turkeys for year-round use suggests a further increase. Year-round production of these birds is more easily accomplished than is the case for the large breeds. In 1951, the increase in production of large turkeys, most of which are marketed for holidays, was about 10 percent.

FATS, OILS AND OILSEEDS

Prices of fats and oils, in general, began the marketing year October 1, 1951 at about the same level as a year earlier. However, last year prices advanced sharply from October 1950 through February 1951. No such advance is anticipated this year. Prospective supplies are large enough to maintain consumption and exports at high levels and still increase ending-stocks of most food fats above the relatively low level prevailing on October 1, 1951. Domestic disappearance of fats and oils in the past year was high and is expected to so continue in 1951-52.

Total exports in the past year were at a record level, totaling 2,173 million pounds for the 11-month period, October 1950-August 1951, compared with 1,895 million pounds a year earlier. This included 584 million pounds of lard and 698 million pounds of soybean oil and the oil-equivalent of soybeans and 457 million pounds of inedible tallow and greases. Exports of fats and oils in 1951-52 again will be large.

On the basis of October 1 crop estimates and other indications, the total domestic output of fats and oils in the year which began October 1, 1951, will be at a record level of about 12.8 billion pounds compared with an estimate of nearly 12.4 billion pounds a year earlier (including the oil equivalent of exported soybeans, flaxseed, and peanuts for crushing abroad). A decline in output of linseed oil and butter will be more than offset by increases in other fats and oils. Output of edible vegetable oils may be nearly 10 percent greater than a year earlier.

The 1951 crop of soybeans, estimated October 1 at 271 million bushels, is smaller than last year's record crop but substantially greater than for any other year. Prices to farmers for 1951 crop soybeans are being supported at a national average of $2.45 per bushel compared with $2.11 the previous year. The mid-September price received by farmers was $2.59 per bushel. The price to farmers probably will average near this level. The season average price last year was $2.45 per bushel.

Production of cottonseed in 1951 is calculated at 6,845,000 tons, 68 percent larger than the 1950 crop and the largest since 1937. Prices to farmers for 1951-crop cottonseed are being supported by loans at $65.50 per ton and by direct purchases at $61.50 per ton, basis grade (100). In addition, CCC will purchase cottonseed products at stipulated prices from crushers who pay producers the loan rate for their cottonseed. Prices to producers through October have been near the support level and are expected to average below last year's season average price of $86.40 per ton.

Production of 1951 crop peanuts is estimated at 1.7 billion pounds, 335 million less than the year before. Beginning stocks, however, are substantially greater than on the same date a year earlier, so total supplies will not be down as much as is indicated by the drop in production. Prices to farmers for 1951 crop quota peanuts are being supported at a schedule of prices based on a national average of 11.53 cents per pound compared with 10.8 cents a year earlier. Prices received by farmers in mid-September averaged 11.0 cents per pound. Edible use of peanuts may increase slightly in 1951-52. The surplus for crushing and export may be considerably smaller than in 1950-51.

Reflecting a substantial drop in yield, output of flaxseed in 1951 may total 32.3 million bushels, 7.0 million less than the year before. Total disappearance of flaxseed and linseed oil in 1951-52 is expected to be over 50 percent greater than production, necessitating a material reduction in stocks of flaxseed and some reduction in the large Government stocks of linseed oil available at the beginning of the season. Prices to farmers for 1951-crop flaxseed are being supported at $2.65 per bushel, farm basis. It was announced in September that 1952-crop flaxseed will be supported at $3.77 per bushel, farm basis. Market prices in October indicate that producers were receiving about $3.85 per bushel. Prices are expected to remain well above the 1951 support level for the rest of this season.

CORN AND OTHER FEED

A strong demand is in prospect for feed in 1951-52. Feed grain supplies are smaller and feed prices probably will average higher than in 1950-51. The total quantity of grains and other concentrates fed to livestock is expected to be the heaviest since World War II, which will reduce further the reserve stocks of feed grains.

Prices of feed grains and most of the byproduct feeds probably will average higher in the 1951-52 feeding year than during the past year. The increase in feed grain prices, however, will be limited by the sizeable reserves of corn held by CCC and by price ceilings, which can be imposed on feed grain prices should they reach parity levels. Price supports on 1951 feed grains are all higher than in 1950, and feed grain prices are generally above the supports.

The total supply of all feed concentrates for 1951-52, including the grains and byproduct feeds, is estimated at 176 million tons, 4 percent below the big supplies of the last 2 years, but nearly 30 percent above the 1937-41 average. This includes a 5 percent smaller supply of feed grains than in 1950-51, another large supply of byproduct feeds, and an allowance for wheat and rye feeding a little above the 1950-51 rate. Total feed grain production, estimated in October at 120 million tons, is 5 million tons less than in 1950. The carry-over of feed grains into 1951-52, totaling about 29 million tons, is 2 million tons below the record carry-over last year. Total disappearance of feed grains in 1951-52 probably will exceed the 1951 production by around 8 to 10 million tons, causing a comparable reduction in the carry-over at the close of the season. In this event the remaining reserves would be only a little above the prewar average and would be smaller than prewar in relation to livestock numbers and production.

The 1951-52 corn supply of about 3,855 million bushels is 3 percent smaller than in 1950-51. Utilization of corn is expected to be greater than in 1950-51, and the carry-over at the close of the season may be around one-third smaller than the carry-over of around 750 million bushels this year. Supplies of oats and barley also are a little smaller than last year, while the sorghum grain supply is nearly a third smaller.

Supplies of byproduct feeds in 1951-52 are expected to be about equal to the record supply of 21.5 million tons in 1950-51. The total supply of protein feeds is expected to be larger than in the past few years, but little, if any, larger in relation to the increasing number of livestock on farms.

The strong demand for feed grains during the past year has resulted in a reduction in the quantity of feed grains held under price support. The total volume of feed grains placed under loan in 1950 was much smaller than in 1948 and 1949, and most of the 1950 loans were repaid by farmers. The quantity of 1951 feed grains going under price support is expected to be comparatively small and price support stocks probably will be reduced further in 1951-52.

A record hay supply is available for 1951-52. Hay and other forages are fully adequate for the increasing livestock numbers in most of the northern half of the country. In the South, however, hay production was reduced by dry weather and pastures and ranges have been poor this summer and fall.

WHEAT

With prices to be supported at a minimum of $2.17 per bushel, farmers are likely to produce enough wheat in 1952 to meet domestic and export requirements in 1952-53 and provide for an increase in the carry-over at the end of the marketing year. This assumes, of course, average growing conditions.

In the current 1951-52 marketing year, less wheat is being produced than is likely to be used in this country and exported. The carry-over on July 1, 1952, probably will be about 90 million bushels below the July 1951 figure of 395 million.

Prices for the 1951-52 crop are expected to average above the effective loan level -- the support price of $2.18 per bushel minus a storage deduction. During the early part of the marketing year prices have been below the effective support level, but recently they have advanced to above that level.

If yields for next year's wheat crop are average, the 78.9 million-goal acreage would result in a crop of 1,165 million bushels, 170 million above this year's estimated production. However, it is likely that the goal acreage will be exceeded. Reports from local P.M.A. committees indicate planting of wheat may slightly exceed the goal.

A crop of about 1,165 million bushels and a carry-over of old wheat on July 1, 1952 estimated at about 300 million bushels, would provide 1,465 million bushels of domestic wheat for 1952-53. Use of wheat in the United States in 1952-53 is forecast at about 745 million bushels. Assuming exports at 325 million -- moderately less than expected for 1951-52 -- the carry-over on July 1, 1953, would be about 400 million bushels. This would be about 100 million bushels more than is expected to be carried over next July 1.

The minimum support price of $2.17 for the 1952 crop announced by the Secretary of Agriculture on August 29 is 90 percent of the mid-July parity price. If 90 percent of parity at the beginning of the marketing year is higher, the support will be raised to that level. The support price announced in June for the 1951 crop was $2.18 per bushel. As was the case in 1951, no allowance for farm storage or warehouse storage charges will be available to producers who deliver loan wheat from the 1952 wheat crop to CCC.

Exports in 1952-53 are expected to be less than the 366 million bushels in 1950-51. The United States export quota under the International Wheat Agreement, which ends with the 1952-53 year, is about 250 million bushels per year. Exports of non-agreement wheat in 1952-53 are not expected to be as large as in 1950-51 when they totaled about 115 million bushels. In 1950-51 the quantity of contract-grade export wheat in Canada was limited as a result of frost damage. In addition transportation difficulties in Canada interfered with the export movement. Exports of United States wheat in 1950-51 especially during the last half of the year, also were stimulated by the desire of importing countries to increase their reserves because of the international situation and inflation. Furthermore, extraordinary demands, such as those from Yugoslavia and India, which resulted from unfavorable growing conditions in 1950 also added to the relatively high level of U. S. wheat exports in 1950-51. The impact of this demand is being carried over into the 1951-52 season in the case of India.

Demand for U. S. wheat from the important deficit areas of the Far East in 1952-53 will depend considerably upon the extent to which rice continues to be available. Carry-over stocks in these areas at the beginning of the 1951 marketing year are very small and production indicated for 1951 is not large enough to improve the stocks position by the beginning of the 1952 marketing year. Accordingly, any improvement in the situation will need to come from 1952 rice production. The only country in which a marked increase in production could take place would be Indo-China and this would be dependent upon improvement in the internal situation in that country. Rice production in the United States in 1952 is expected to be somewhat below the 1951 record, with some increase in exports.

FRUIT

Consumer demand for fruit in 1952 is expected to be a little stronger than in 1951. The 1952 crop of deciduous fruits probably will be somewhat smaller than the 1951 crop, assuming average weather. Stocks of canned fruits at the start of the 1952 pack season are likely to be larger than beginning stocks in 1951, thus tending to reduce demand for fruit for processing. Under these conditions, the general level of prices that growers will receive for the 1952 deciduous crop probably will be about the same as in 1951. Ceiling prices have been placed so far only on processed fruits.

The outlook appears favorable for increased exports of fruit in 1952. Increased exports of apples to the United Kingdom seem likely as a result of a change in British import policy restoring the handling of imports to the commercial trade. More dollars probably will be made available for such imports. Exports of 1951-crop apples, and also winter pears, again will be facilitated by export-payment programs conducted by the United States Department of Agriculture. Similar programs are in effect for 1951-52 pack raisins and dried prunes to assist the exportation of surpluses of these fruits. This is in contrast to the situation in 1950-51, when no such programs were operated for raisins and prunes because of relatively small packs. Larger exports of oranges in 1952 also are probable.

Imports of bananas, the principal fresh fruit imported by the United States, may not be quite as large in 1952 as in 1951. Imports have declined during the past two years and may decline further in 1952 partly as a result of reduced supplies of relatively high-quality fruit, in tropical countries. Imports of fresh apples from Canada during the 1951-52 season, most of which will arrive after January 1, are expected to be about the same as in 1950-51, when about 2 million bushels were imported. Continued large shipments of canned pineapple and pineapple juice are expected.

Total production of deciduous fruits in 1951 is about 10 percent larger than in 1950 and 6 percent above the 1940-49 average. Among important 1951 crop fruits remaining to be marketed is the commercial apple crop, which is about 5 percent smaller than the 1950 crop. Stocks in cold storage December 31, 1951 probably will be somewhat smaller than on that date in 1950, leading to advancing prices after the first of the year in contrast to declining prices in the winter and spring of 1950. Likewise, stocks of pears probably will be smaller, and prices higher after the first of the year. Grower prices for cranberries are expected to be somewhat higher this fall and winter than in this part of 1950-51.

The 1951-52 crop of early and mid-season oranges, as estimated October 1, is about 4 percent larger than the big 1950-51 crop. Because of very light production in Texas, the 1951-52 grapefruit crop (exclusive of the California summer crop) is about 12 percent smaller than the below-average 1950-51 crop. With increasing shipments of new-crop citrus in late October and November, grower prices are expected to decline. Prices may decline further after the first of the year because demand from processors may not be as strong as in the 1950-51 season, as a result of increased stocks of canned and frozen citrus juice. Prices for oranges this winter probably will average below those of the winter of 1950-51, but prices for grapefruit may average higher.

The 1951-52 pack of dried fruits is expected to be about 33 percent larger than the 1950-51 pack, mainly because of increased output of raisins and dried prunes. The 1951-52 pack of canned fruits probably will be from 5 to 10 percent larger than the 1950-51 pack and second only to the record 1946-47 pack. Output of canned citrus juices in 1951 is expected to be about 25 percent larger than in 1950. A new record was set in the pack of frozen concentrated orange juice in 1951. But because of smaller packs of frozen strawberries and cherries, total production of frozen fruits and fruit juices in 1951 may be only about 6 percent above the 1950 record.

Total production of the four major tree nuts -- walnuts, almonds, filberts, and pecans - is about 16 percent larger than in 1950, and only slightly under the record in 1949. Grower prices for the 1951 crops of walnuts and filberts are expected to average a little above the prices for the 1950 crops. Prices for almonds probably will be about as high. But prices for pecans are likely to be lower. Larger imports of Brazil nuts, but smaller total imports of tree nuts, seem likely in 1951-52 than in 1950-51.

COMMERCIAL TRUCK CROPS

For Fresh Market

Demand for fresh vegetables is expected to continue very strong in 1952. Production during the first quarter of 1952 is apt to be significantly larger than that of a year earlier, when adverse weather cut acreage and production substantially. If this occurs, prices paid to farmers for these crops may be lower than the extremely high prices received for the short production in early 1951.

Killing frosts in many northern producing areas and completion of harvest of most tender crops have about terminated home-grown supplies of fresh market truck crops in northern markets. At least the fall seasonal rise in the general level of prices paid to farmers for commercial truck crops is expected during November and December. Total supplies available this fall are estimated to be about 13 percent smaller than a year earlier though 6 percent larger than the 1940-49 average. Of 13 individual crops reported, fall supplies are estimated to be substantially smaller than last year for all but snap beans, cauliflower, celery (late fall), green peppers, and tomatoes.

Acreage of cabbage for winter (January through March) harvest is expected to be slightly smaller than last winter, and considerably below average.

For Commercial Processing

Civilian demand for commercial canned and frozen vegetables in 1952 is expected to be slightly stronger than in 1951 because of the larger population, continued high earnings, and presumably sustained long-time upward trend in per capita consumption of canned and frozen vegetables.

Military requirements for canned and frozen vegetables to be obtained from 1952 packs probably will be somewhat less than those being supplied out of the 1951 packs. This probability is based on the assumptions that the size of the military force will remain relatively stable, and that initial filling of the pipe-lines was largely accomplished in 1951. Total packs will exceed the levels contemplated by the goals suggested at the beginning of the season.

Indications are that prices paid farmers for 1951 processing crops have been higher in general than those paid in 1950. Early reports suggest that aggregate production of 9 important truck crops for processing probably will be about one-fourth larger than in 1950, with the substantial decreases only in beets, cabbage (contract) for kraut, and pimientos.

POTATOES AND SWEETPOTATOES

Total demand for potatoes in 1952 is expected to be approximately the same as in 1951. Growth in the total population is expected to about offset the long-time downward trend in per capita consumption. Also there is at least a possibility that a higher level of living costs may to a slight extent help potatoes regain consumer favor as an economical and nutritious vegetable, high in food value per dollar spent.

Mid-month prices received by farmers for potatoes (United States average) increased from August to September this year in contrast to the usual seasonal decline, due largely to shrinkage in the apparent size of the 1951 crop, which was already closely in line with previously estimated needs. This strengthening in potato prices is expected to continue through the winter and early spring months. Reports also indicate concern by growers in some areas over the keeping quality of the storage crop.

On September 15 this year, the United States average price received by farmers for potatoes was $1.23 per bushel, 6 cents higher than a month earlier, and 18 cents higher than a year earlier.

Prices for sweetpotatoes in early 1952 probably will be higher than the previous record-high prices in early 1949. The 1951 crop is now (October 1) estimated at only 34.6 million bushels, less than three-fifths the size of the 1950 crop which was slightly below the 10-year average. This year's crop in Louisiana, which produces a large part of the sweetpotatoes normally moving into commercial channels is only a little more than half the size of last year's crop and less than two-thirds of average.

The high prices for sweetpotatoes which seem certain this season may lead to some acreage increases next year, but price prospects for alternative crops are expected to remain favorable enough to prevent any large extension of sweetpotato acreage.

DRY EDIBLE BEANS AND PEAS

Prices received by farmers for dry beans from month to month through the first half of 1952 probably will be slightly higher than those received in corresponding months of 1951. Demand for most types is expected to continue strong throughout 1952, and consumption per capita probably will be at about the same rate as in 1951. Stocks at the end of the 1951 crop marketing year probably will be smaller than they were at the beginning. Probably some increase in production in 1952 over 1951 could be absorbed into trade and stocks without lowering prices received by farmers substantially.

United States average prices received by farmers for dry beans September 15 were slightly higher than a month earlier, in contrast to the usual slight decline for this time of year, and were about 6 percent higher than on the same date last year. Prices probably will average slightly higher for the 1951 crop than for the 1950 crop. Although large stocks of beans remained on hand at the beginning of the 1951 crop marketing year, they were much reduced from those of a year earlier.

Of the several major types of beans, Baby Limas are the only one for which the 1951 crop appears considerably in excess of probable disappearance at prices in line with support levels. On the other hand, the crop is somewhat short of what might be desired in the case of Standard (or Large) Limas and Pintos. Total supplies of pea (Navy) beans for the 1951 crop marketing year appear adequate to maintain disappearance and stocks at levels of recent years, with little change in prices.

Demand for dry field peas in 1952 is expected to be no stronger than in 1951, when demand was much weaker than in the immediate postwar years. Prices which farmers will receive for the 1951 crop now being marketed may average no higher than the relatively low prices received for the 1950 crop.

COTTON

Despite an increase in the supply of cotton in the United States during 1951-52, continued high domestic consumption and a substantial increase in exports are likely to result in a relatively small carry-over of about 3 million bales at the end of the season. Although up slightly from the 2.2 million bales on August 1 this year, the carry-over in August 1952 will be one of the smallest in the last two decades.

Disappearance in 1951-52 is expected to total 16 to 16-1/2 million bales. About 6.0 million bales probably will be exported, the largest quantity since World War II. Domestic mills are expected to consume 10 to 10-1/2 million bales, close to the quantity consumed in 1950-51 when mill consumption was the largest on record except for the peak wartime years of 1941-42 and 1942-43.

The large exports will be caused by an effort on the part of some importing countries to replenish the extremely low stocks existing at the beginning of the crop year and a continuation of world consumption slightly below the record level of last year. The gold and dollar supply of foreign countries, including short-term credits from the Export-Import Bank, will be larger than last year despite a reduction in funds from ECA.

High industrial activity, increases in consumer purchasing power, and increases in military requirements are expected to sustain domestic mill consumption of cotton at a high level. However, large inventories and slow sales of cotton textiles at the beginning of the season retarded mill consumption in August and September.

The 1951-52 United States supply will probably be about 19.2 million running bales. This will be made up of 2.2 million bales carry-over stocks, 16.8 million bales production (October 8 crop estimate converted to running bales), and estimated imports of 200 thousand bales. This supply will be about 14 percent larger than that of 1950-51, but 14 percent smaller than the 1936-45 average. Disappearance in 1951-52 will be considerably larger than it was in the earlier years. The world supply of commercial cotton will be about 44.8 million bales, large enough to permit an increase of only about 2 million bales in world carry-over stocks.

The September 15 average price received by farmers, 33.73 cents per pound, was 0.87 cents below the August 15 price and slightly below the parity price for the first time since June 1950. By September 5, the average 10-spot marketing price for Middling 15/16 inch cotton was 34.10 cents per pound, the lowest since June 1950. Then the price began to move slowly upward. On several occasions recently the average 10-spot market price of Middling 15/16 inch has been above 37 cents per pound, and on October 17 it was 36.64 cents per pound. Price strengthening factors were increasing export demand, reductions in indicated production and the tendency of farmers to withhold cotton from the market at prevailing prices.

Largely because of the greatly increased cotton crop in the United States in 1951 and our removal of export restrictions, the spot prices of foreign growths during the last several months have fallen sharply from their peaks of February 1951. In general, prices of foreign growths whose quality is similar to that of American upland cotton and which are being actively marketed are at levels close to United States prices. The price of Karnak cotton is now below that of American-Egyptian cotton, which is supported by a Commodity Credit Corporation purchase program.

WOOL

Prices to domestic growers for shorn wool in 1952 are likely to average somewhat higher than the average of 66.9 cents per pound, grease basis, received in September this year. However, they probably will not

reach the record levels of last spring. Prices received this year probably will average between $0.90 and $1.00 per pound, owing to the high prices received in the early months of 1951. Since wool is a strategic commodity, changes in the international situation and in Government programs and policies, including the volume and scheduling of military orders, price ceilings, etc., could be important factors in the price outlook.

World supply of wool for the 1951-52 season is expected to be about the same as last season. Production is likely to be slightly higher. The carry-over from last season in the major exporting countries, particularly in Argentina and New Zealand, was somewhat larger than a year earlier. These increases will just about offset the reduction in stocks in consuming countries and the disposal of the remaining holdings last season of the Joint Organization (United Kingdom-Dominions Wool Disposals Limited).

Production of wool in the United States next year is expected to be somewhat larger than this year. The lower rate of slaughter relative to inventories this year indicates that growers are continuing to build up breeding herds. Production of shorn and pulled wool combined this year is expected to be about 255-260 million pounds, grease basis.

Since it is unlikely that the increase in production will be sufficient to offset a probable lower average price next year, it is quite probable that cash receipts from shorn wool next year will be slightly lower than this year. An increase in production costs is also likely.

World consumption of wool during 1946-50, practically all of which was for civilian uses, exceeded current production by 15 to 20 percent. This was made possible by the large wartime accumulation, which has now been liquidated. World consumption during the first half of 1951 is estimated to have been at an annual rate about equal to current production and 10 to 15 percent below that of the first half of last year. The decline in raw wool consumption was accompanied by an increase of about 15 percent in the use of other materials, particularly reclaimed wool and synthetic fiber. However, total fiber consumption on the woolen and worsted systems was down about 4 percent.

World production of synthetic staple fiber is expected to continue to increase. Expansion plans of the rayon industry in the United States call for an increase in output of rayon staple fiber of about 25 percent by the end of 1953. Expansion of production of the newer synthetic staple fibers, Nylon, Orlon, Dacron, Dynel, Vicara, and Acrilan, is also planned by the synthetic industry.

Consumer incomes are expected to continue to increase. Mill demand for raw wool for civilian goods is likely to strengthen as the ratio of inventories to sales in manufacturing and distribution channels is reduced to a more nearly normal working level. Military requirements for raw wool will again be substantial.

Consumption of apparel wool in the United States on the woolen and worsted systems during the first eight months of this year was at an annual rate about 7 percent below that of last year. Consumption for the full year probably will be 375 to 425 million pounds, scoured basis, slightly below last year. Total consumption for military and civilian goods next year probably will be about the same as in 1951.

Since the beginning of World War II, over 60 percent of the apparel wool used in the United States has been imported. Imports of apparel wool this year probably will not be greatly different from the 250 million pounds, clean basis, imported last year. It is unlikely that the dependence of the United States on foreign sources for raw apparel wool will lessen next year.

TOBACCO

Demand for United States cigarette tobacco is expected to be strong in 1952. United States cigarette manufacture absorbs close to 80 percent of the tobacco used domestically and the output next year is likely to exceed the 412 billion estimated for 1951. Cigarette output in 1950 was 392 billion. The major increases between 1950 and 1951 were in domestic consumption and shipments to overseas forces, but exports to foreign countries also are up a little. Flue-cured, Burley, and Maryland tobacco are used in cigarettes.

The 1951 crop of flue-cured is now well along in the marketing season. The much larger proportion falling in the lower-priced grades than last year has pulled the over-all average price received by growers below last season's. Through late October, the average was about 52 cents per pound--5 percent less than the 54.7 cent average for the 1951 season. Most tobacco in the higher-priced grades brought higher prices than in the 1951 season, but the prices for lower quality grades were generally down. The Burley auctions begin around December 1. This year's crop is almost 14 percent larger than last year's but stocks are lower. A firm demand is expected. The 1951 support level for Burley at 49.8 cents is 9 percent higher than a year ago. The 1950 season average price was 48.9 cents per pound. Maryland auctions begin next spring. Supplies of Maryland leaf are large relative to the current rate of disappearance and prices for this type will not be supported during the coming marketing season.

The 1952 crop support levels for most tobacco types are likely to be approximately the same or slightly lower than those for the 1951 crop.

The support prices for 1951 fire-cured and dark air-cured are 37.4 and 33.2 cents, respectively. Average prices received by growers will probably be fairly close to support levels. The domestic use of fire-cured and dark air-cured in snuff and chewing tobacco, respectively, has changed very little in the last year or two and little change is expected in the year ahead.

Cigar filler and binder (types 42-44, 51-55) will have higher price supports in the coming season than in the 1950 crop season but Pennsylvania type 41 will not have price support because growers disapproved quotas for the 1951 crop. Cigar output in 1951 will probably be around 5.7 billion--up about 5 percent from last year and the second or third highest in the last 20 years. Some further small increase seems likely in 1952.

United States exports of unmanufactored tobacco in 1951 will total over 500 million pounds (declared weight) compared with 477 million in 1950. The export demand in 1952 is likely to be at a relatively favorable level but the total 1952 exports will probably not exceed this year's. The factors that tend to maintain tobacco exports are (1) it is an important consumption item in many countries unable to produce any, or, at best, only a fraction, of their own requirements and (2) many foreign governments derive a major proportion of their revenues from tobacco. Exports to some countries will be favored by their improved gold and dollar position. On the other hand, the sterling area has suffered a sharp decline in gold and dollar holdings in recent months and if this should continue, some imports from the dollar area will probably be tightened.

SUGAR

World sugar production in 1951-52 probably will be about the same as in 1950-51 when it was the highest on record and 26 percent above the prewar average. The 1951-52 crops in the United States, Europe, Australia and the Union of South Africa will be smaller than in the previous season but the declines are expected to be offset by a substantial increase in Cuban production.

The "world" price and the United States price of Cuban raw sugar reached postwar highs in June of 1951, but have declined since then. Prices received by farmers for both cane and beets increased in 1950. Beets averaged $11.20 per ton compared to $10.80 in 1949. Cane prices increased from $6.25 to $7.80 per ton.

Distribution of sugar in 1951 for U. S. domestic consumption will not equal the record 8,278 thousand tons 1/ distributed in 1950. Distribution in May 1951 was nearly as great as the 1,189 thousand tons for July 1950 and the 1,200 thousand tons for September 1939, the highest of record for any one month. Since May, deliveries have failed to keep pace with those in 1950.

On October 16, the Department announced a reduction of 350,000 tons to a level of 7,900,000 tons in the quantity of sugar determined to be needed to satisfy consumption requirements in 1951, as a result of the low level of demand and weakness in prices of raw sugar in recent months. Under the Sugar Act of 1948, it is necessary to provide fair prices to producers for their current crops and to insure adequate production in the domestic areas and Cuba.

1/ All quantities are short tons, raw value, unless otherwise indicated.

Production of all types of edible sirups in 1951 will probably total slightly more than in 1950, when it was the highest since 1948. The increase in 1950 over 1949 was due primarily to an increase of 8 percent in corn sirup production.

Supplies of industrial molasses for the 12-month period ending June 30, 1951 declined 15 percent below the previous year. Although mainland production of these commodities increased 6 percent, lower imports--particularly from Cuba--caused the reduction in available supplies. The situation will be reversed in the next fiscal year when mainland production is expected to fall by about 10 percent, while total supplies rise by 6 percent--due to substantial increases in imports and inshipments.

FOREST PRODUCTS

The demand for lumber in 1952 is expected to remain close to the relatively high level attained in 1951. Construction uses, will probably not change greatly assuming present credit controls and other restrictions affecting construction are continued as expected. The high rate of industrial and military expansion, and a continuing high level of agricultural production, are also expected to sustain demands for factory and shipping lumber.

During 1951 the lumber industry lost some ground from the peak year of 1950. The impact of credit restrictions on home building, and the failure of military requirements to take up the slack in demand, adversely affected the lumber market. Lumber prices dropped slightly below 1950 levels and lumber production likewise dropped below the peak output of 38 billion board feet in 1950. Imports in 1951 are estimated at 2.7 billion board feet, or somewhat less than in 1950, while exports are expected to reach 1 billion board feet, or almost double the 1950 rate. About 1.2 billion board feet of lumber was added to stocks in 1951.

Pulpwood consumption in 1951 has been considerably higher than in 1950, averaging about 2.3 million cords per month for the first half year, or 28 percent more than in 1950. Further increases in consumption are likely in 1952. Pulpwood prices have strengthened as a result of this continuing increase in demand.

Demands for most other forest products in 1952, including veneer logs, mine timbers, poles, piling, etc., are not expected to change appreciably from 1951 levels. The need for mine timbers and piling may increase somewhat in 1952 in response to growing military and defense requirements.